

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

City of Galesburg
Kalamazoo County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended June 30, 2005

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INDEPENDENT AUDITORS' REPORT

**City Council
City of Galesburg, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Galesburg, Michigan, as of June 30, 2005, and for the year then ended, which collectively comprise the City of Galesburg, Michigan's basic financial statements, as listed in the contents. These financial statements are the responsibility of the City of Galesburg, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Galesburg, Michigan, as of June 30, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 25 to 27, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The City of Galesburg, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Galesburg, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Galesburg, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

October 21, 2005

BASIC FINANCIAL STATEMENTS

City of Galesburg
STATEMENT OF NET ASSETS
June 30, 2005

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 455,249	\$ 896,769	\$ 1,352,018
Receivables (net)	172,071	86,139	258,210
Internal balances	<u>(2,195)</u>	<u>2,195</u>	<u>-</u>
Total current assets	<u>625,125</u>	<u>985,103</u>	<u>1,610,228</u>
Noncurrent assets:			
Receivables (net)	8,223	15,173	23,396
Internal balances	(44,000)	44,000	-
Capital assets (net of accumulated depreciation)	<u>851,841</u>	<u>825,531</u>	<u>1,677,372</u>
Total noncurrent assets	<u>816,064</u>	<u>884,704</u>	<u>1,700,768</u>
Total assets	<u>1,441,189</u>	<u>1,869,807</u>	<u>3,310,996</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,237	33,330	40,567
Current maturities of long-term liabilities	<u>41,309</u>	<u>10,000</u>	<u>51,309</u>
Total current liabilities	<u>48,546</u>	<u>43,330</u>	<u>91,876</u>
Noncurrent liabilities:			
Compensated absences	32,219	-	32,219
Bonds and notes payable	<u>151,741</u>	<u>70,000</u>	<u>221,741</u>
Total noncurrent liabilities	<u>183,960</u>	<u>70,000</u>	<u>253,960</u>
Total liabilities	<u>232,506</u>	<u>113,330</u>	<u>345,836</u>
NET ASSETS			
Invested in capital assets, net of related debt	658,791	745,531	1,404,322
Restricted	379,238	-	379,238
Unrestricted	<u>170,654</u>	<u>1,010,946</u>	<u>1,181,600</u>
Total net assets	<u>\$ 1,208,683</u>	<u>\$ 1,756,477</u>	<u>\$ 2,965,160</u>

See notes to the financial statements

City of Galesburg
STATEMENT OF ACTIVITIES
Year ended June 30, 2005

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>
Governmental activities:			
Legislative	\$ 9,383	\$ -	\$ -
General government	148,737	5,458	-
Public safety	237,245	28,415	5,000
Public works	157,995	2,843	127,238
Community and economic development	2,310	-	-
Culture and recreation	100,252	37,917	6,804
Interest on long-term debt	9,619	-	-
Total governmental activities	<u>665,541</u>	<u>74,633</u>	<u>139,042</u>
Business-type activities:			
Sewer	166,942	119,762	-
Water	145,810	180,176	-
Total business-type activities	<u>312,752</u>	<u>299,938</u>	<u>-</u>
Total primary government	<u>\$ 978,293</u>	<u>\$ 374,571</u>	<u>\$ 139,042</u>

General revenues:
Property taxes
State shared revenues
Unrestricted investment income
Franchise fees
Miscellaneous

Total general revenues

Change in net assets
Net assets - beginning
Net assets - ending

<i>Net (expenses) revenues and changes in net assets</i>		
<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
\$ (9,383)		\$ (9,383)
(143,279)		(143,279)
(203,830)		(203,830)
(27,914)		(27,914)
(2,310)		(2,310)
(55,531)		(55,531)
<u>(9,619)</u>		<u>(9,619)</u>
<u>(451,866)</u>		<u>(451,866)</u>
-	\$ (47,180)	(47,180)
-	<u>34,366</u>	<u>34,366</u>
-	<u>(12,814)</u>	<u>(12,814)</u>
<u>(451,866)</u>	<u>(12,814)</u>	<u>(464,680)</u>
256,250	-	256,250
194,494	-	194,494
3,013	6,834	9,847
13,107	-	13,107
<u>15,746</u>	<u>-</u>	<u>15,746</u>
<u>482,610</u>	<u>6,834</u>	<u>489,444</u>
30,744	(5,980)	24,764
<u>1,177,939</u>	<u>1,762,457</u>	<u>2,940,396</u>
<u>\$ 1,208,683</u>	<u>\$ 1,756,477</u>	<u>\$ 2,965,160</u>

See notes to the financial statements

City of Galesburg
BALANCE SHEET - governmental funds
June 30, 2005

	<u>General</u>	<u>Major Street</u>	<u>Debt Service</u>
ASSETS			
Cash	\$ 28,758	\$ 178,785	\$ 90,544
Receivables (net)	133,795	20,485	19,656
Due from other funds	689	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 163,242</u>	<u>\$ 199,270</u>	<u>\$ 110,200</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,549	\$ -	\$ -
Due to other funds	-	-	6,889
Deferred revenue	-	3,376	19,230
Advances from other funds	44,000	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>50,549</u>	<u>3,376</u>	<u>26,119</u>
Fund balances, unreserved	<u>112,693</u>	<u>195,894</u>	<u>84,081</u>
Total liabilities and fund balances	<u>\$ 163,242</u>	<u>\$ 199,270</u>	<u>\$ 110,200</u>

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets (exclusive of \$59,988 of the internal service fund) used in *governmental activities* are not financial resources and, therefore, are not reported in the governmental funds.

Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Long-term bonds and notes payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds.

The net assets (including capital assets of \$59,988) and liabilities of the internal service fund are included in the *governmental activities* in the statement of net assets.

Net assets of *governmental activities*

<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ 93,216	\$ 391,303
6,358	180,294
-	689

<u>\$ 99,574</u>	<u>\$ 572,286</u>
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\$ 311	\$ 6,860
-	6,889
-	22,606
-	44,000

<u>311</u>	<u>80,355</u>
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<u>99,263</u>	491,931
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<u>\$ 99,574</u>	
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791,853

(32,219)

(193,050)

22,606

127,562

\$ 1,208,683

See notes to the financial statements

City of Galesburg**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds**

Year ended June 30, 2005

	<u>General</u>	<u>Major Street</u>	<u>Debt Service</u>
REVENUES			
Property taxes	\$ 232,332	\$ -	\$ -
State grants	203,225	92,224	-
Intergovernmental	15,840	-	-
Fines and forfeitures	41,053	-	-
Charges for services	30,816	-	-
Interest and rentals	1,065	633	3,506
Other	17,440	4,442	11,433
	<u>541,771</u>	<u>97,299</u>	<u>14,939</u>
Total revenues			
	<u>541,771</u>	<u>97,299</u>	<u>14,939</u>
EXPENDITURES			
Legislative	9,383	-	-
General government	139,723	-	-
Public safety	232,649	-	-
Public works	51,797	106,707	-
Community and economic development	2,310	-	-
Culture and recreation	74,870	-	-
Debt service:			
Principal	13,620	-	10,000
Interest and fiscal charges	1,084	-	4,799
Capital outlay	1,929	-	-
	<u>527,365</u>	<u>106,707</u>	<u>14,799</u>
Total expenditures			
	<u>527,365</u>	<u>106,707</u>	<u>14,799</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>14,406</u>	<u>(9,408)</u>	<u>140</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	83	-	-
Transfers out	-	(23,896)	-
	<u>83</u>	<u>(23,896)</u>	<u>-</u>
Total other financing sources (uses)			
	<u>83</u>	<u>(23,896)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>14,489</u>	<u>(33,304)</u>	<u>140</u>
FUND BALANCES - BEGINNING	<u>98,204</u>	<u>229,198</u>	<u>83,941</u>
FUND BALANCES - ENDING	<u>\$ 112,693</u>	<u>\$ 195,894</u>	<u>\$ 84,081</u>

<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ 23,918	\$ 256,250
29,087	324,536
-	15,840
-	41,053
-	30,816
589	5,793
4,355	37,670
<u>57,949</u>	<u>711,958</u>
-	9,383
-	139,723
	232,649
41,541	200,045
-	2,310
9,558	84,428
16,725	40,345
3,736	9,619
-	1,929
<u>71,560</u>	<u>720,431</u>
<u>(13,611)</u>	<u>(8,473)</u>
23,896	23,979
(83)	(23,979)
<u>23,813</u>	<u>-</u>
10,202	(8,473)
<u>89,061</u>	<u>500,404</u>
<u>\$ 99,263</u>	<u>\$ 491,931</u>

See notes to the financial statements

City of Galesburg

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)**

Year ended June 30, 2005

	<i>Total governmental funds</i>
	<hr/>
Net change in fund balances - total governmental funds	\$ (8,473)
 Amounts reported for governmental activities in the statement of activities are different because:	
 Governmental funds report capital outlays as expenditures. However, in the statement of net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$54,068) exceeded depreciation depreciation (\$34,815) in the current period.	
	19,253
 The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal on such debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets.	
	40,345
 Some revenues reported in the funds were earned in prior years and are not reported in the statement of activities.	
	(15,736)
 Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.	
	2,349
 The net expenses of the internal service fund is reported with governmental activities.	
	<hr/> (6,994)
Change in net assets of governmental activities	<hr/> \$ 30,744 <hr/>

See notes to the financial statements

City of Galesburg
STATEMENT OF NET ASSETS - proprietary funds
June 30, 2005

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Sewer	Water	Totals	
ASSETS				
Current assets:				
Cash and investments	\$ 499,983	\$ 396,786	\$ 896,769	\$ 63,946
Receivables (net)	31,408	40,757	72,165	-
Due from other funds	5,167	1,722	6,889	-
Total current assets	<u>536,558</u>	<u>439,265</u>	<u>975,823</u>	<u>63,946</u>
Noncurrent assets:				
Receivables	17,909	11,238	29,147	-
Advances to other funds	44,000	-	44,000	-
Capital assets (net of accumulated depreciation)	<u>425,305</u>	<u>400,226</u>	<u>825,531</u>	<u>59,988</u>
Total noncurrent assets	<u>487,214</u>	<u>411,464</u>	<u>898,678</u>	<u>59,988</u>
Total assets	<u>1,023,772</u>	<u>850,729</u>	<u>1,874,501</u>	<u>123,934</u>
LIABILITIES				
Current liabilities:				
Accounts payable	29,852	3,478	33,330	377
Due to other funds	-	-	-	689
Bonds payable - current	<u>7,500</u>	<u>2,500</u>	<u>10,000</u>	<u>-</u>
Total current liabilities	<u>37,352</u>	<u>5,978</u>	<u>43,330</u>	<u>1,066</u>
Noncurrent liabilities - bonds payable	<u>52,500</u>	<u>17,500</u>	<u>70,000</u>	<u>-</u>
Total liabilities	<u>89,852</u>	<u>23,478</u>	<u>113,330</u>	<u>1,066</u>
NET ASSETS				
Invested in capital assets, net of related debt	365,305	380,226	745,531	59,988
Unrestricted	<u>568,615</u>	<u>447,025</u>	<u>1,015,640</u>	<u>62,880</u>
Total net assets	<u>\$ 933,920</u>	<u>\$ 827,251</u>	<u>1,761,171</u>	<u>\$ 122,868</u>

Amounts reported for business-type activities in the statement of net assets are difference because:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (4,694)

Net assets of business-type activities \$1,756,477

See notes to the financial statements

City of Galesburg

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -

proprietary funds

Year ended June 30, 2005

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Sewer	Water	Totals	
OPERATING REVENUES				
Charges for services	\$ 118,710	\$ 180,176	\$ 298,886	\$ 23,047
Other	1,052	-	1,052	2,700
Total operating revenues	119,762	180,176	299,938	25,747
OPERATING EXPENSES				
Personnel costs	28,774	46,490	75,264	5,789
Operating supplies	2,697	44,540	47,237	7,522
Office supplies	-	-	-	-
Treatment charges	91,122	-	91,122	-
Maintenance and repairs	19,290	25,453	44,743	815
Utilities	834	6,327	7,161	-
Equipment rental	941	4,540	5,481	-
Insurance	-	-	-	2,846
Capital outlay	-	-	-	-
Depreciation	19,376	15,462	34,838	18,032
Total operating expenses	163,034	142,812	305,846	35,004
OPERATING INCOME (LOSS)	(43,272)	37,364	(5,908)	(9,257)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	5,036	1,798	6,834	63
Interest expense	(3,529)	(1,176)	(4,705)	-
Total nonoperating revenues	1,507	622	2,129	63
CHANGE IN NET ASSETS	(41,765)	37,986	(3,779)	(9,194)
TOTAL NET ASSETS - BEGINNING	975,685	789,265	1,764,950	132,062
TOTAL NET ASSETS - ENDING	\$ 933,920	\$ 827,251	\$ 1,761,171	\$ 122,868

Change in net assets \$ (3,779)

Amounts reported for business-type activities in the statement of activities are different because:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (2,201)

Change in net assets of business-type activities \$ (5,980)

See notes to the financial statements

City of Galesburg
STATEMENT OF CASH FLOWS - proprietary funds
Year ended June 30, 2005

	Business-type activities			Governmental activities
	Enterprise funds			Internal service
	Sewer	Water	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 118,901	\$ 178,807	\$ 297,708	\$ -
Receipts from interfund services provided	-	-	-	27,496
Payments to suppliers	(121,364)	(87,355)	(208,719)	(10,118)
Payments to employees	(28,774)	(46,490)	(75,264)	(5,789)
Internal activity - payments to other funds	(941)	(4,540)	(5,481)	-
Net cash provided by (used in) operating activities	(32,178)	40,422	8,244	11,589
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Long-term advances to other funds	28,451	-	28,451	-
Operating advances from (to) other funds	-	-	-	-
Net cash provided by noncapital financing activities	28,451	-	28,451	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	-	(22,995)
Principal paid on capital debt	(7,500)	(2,500)	(10,000)	-
Interest paid on capital debt	(3,529)	(1,176)	(4,705)	-
Net cash used in capital and related financing activities	(11,029)	(3,676)	(14,705)	(22,995)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	5,036	1,798	6,834	63
NET INCREASE (DECREASE) IN CASH	(9,720)	38,544	28,824	(11,343)
CASH - BEGINNING	509,703	358,241	867,944	75,289
CASH - ENDING	\$ 499,983	\$ 396,785	\$ 896,768	\$ 63,946
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (43,272)	\$ 37,364	\$ (5,908)	\$ (9,257)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	19,376	15,462	34,838	18,032
Changes in assets and liabilities:				
Accounts receivable	4,306	353	4,659	-
Due from other funds	(5,167)	(1,722)	(6,889)	1,749
Accounts payable	(7,421)	(11,035)	(18,456)	1,065
Net cash provided by (used in) operating activities	\$ (32,178)	\$ 40,422	\$ 8,244	\$ 11,589

See notes to the financial statements

City of Galesburg

STATEMENT OF FIDUCIARY NET ASSETS - *agency fund*

June 30, 2005

ASSETS

Cash	\$ <u>3,939</u>
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LIABILITIES

Due to other governmental units	\$ <u>3,939</u>
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See notes to the financial statements

City of Galesburg
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the City of Galesburg, Michigan (the City), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the City. There are no component units, entities for which the City is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Major Street Fund accounts for state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the City's major streets.

The Debt Service Fund accounts for principal and interest payments on long-term debt.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the City's sewage collection systems.

The Water Fund accounts for the activities of the City's water distribution system.

Additionally, the City reports an internal service fund that accounts for vehicle and equipment management services provided to other departments of the City on a cost-reimbursement basis.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the City considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Vehicles	3 - 5 years
Sewer and water systems	50 years
Roads	10 - 30 years
Library collection	20 years

v) *Compensated absences (vacation and sick leave)* - It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the City. Vested compensated absences are accrued when earned in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

City of Galesburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

vii) Property tax revenue recognition - Property taxes are levied as of July 1 on property values assessed as of December 31 of the prior year. The billings are due on or before August 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the City. Property tax revenue is recognized in the year for which taxes have been levied and become available. The City levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	Police	\$ 181,948	\$ 185,699	\$ 3,751
Major Street	Public works	Construction	50,000	54,068	4,068
Major Street	Public works	Winter maintenance	5,000	6,412	1,412

NOTE 3 - DEPOSITS:

Cash and investments as of June 30, 2005, are classified in the accompanying financial statements as follows:

Statement of net assets	
Governmental activities	\$ 455,249
Business-type activities	896,769
Fiduciary fund	<u>3,939</u>
Total cash and investments	<u>\$ 1,355,957</u>

Cash and investments as of June 30, 2005, consist of the following:

Cash on hand	\$ 133
Deposits with financial institutions	<u>1,355,824</u>
Total cash and investments	<u>\$ 1,355,957</u>

City of Galesburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - DEPOSITS (Continued):

Deposits with financial institutions:

State statutes and the City's investment policy authorize the City to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The City's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the City will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of June 30, 2005, \$994,470 of the City's bank balances of \$1,365,342 was exposed to custodial credit risk because it was uninsured.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

	<i>Major Funds</i>					<i>Nonmajor Funds</i>	
	<i>General</i>	<i>Major Street</i>	<i>Debt Service</i>	<i>Sewer</i>	<i>Water</i>	<i>Govern-mental</i>	<i>Totals</i>
Accounts	\$ 6,546	\$ 2,192	\$ -	\$ 31,408	\$ 40,757	\$ 4,704	\$ 85,607
Intergovernmental	110,448	14,917	-	-	-	-	125,365
Taxes	16,801	-	-	-	-	1,654	18,455
Special assessments	-	3,376	19,656	17,909	11,238	-	52,179
Total	<u>\$ 133,795</u>	<u>\$ 20,485</u>	<u>\$ 19,656</u>	<u>\$ 49,317</u>	<u>\$ 51,995</u>	<u>\$ 6,358</u>	<u>\$ 281,606</u>
Amounts due beyond one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,223</u>	<u>\$ 7,492</u>	<u>\$ 7,681</u>	<u>\$ -</u>	<u>\$ 23,396</u>

City of Galesburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 123,541	\$ -	\$ -	\$ 123,541
Capital assets being depreciated:				
Buildings	717,735	-	-	717,735
Equipment and vehicles	525,594	22,995	-	548,589
Infrastructure	-	54,068	-	54,068
Library collection	163,927	-	-	163,927
Subtotal	<u>1,407,256</u>	<u>77,063</u>	<u>-</u>	<u>1,484,319</u>
Less accumulated depreciation for:				
Buildings	273,717	16,116	-	289,833
Equipment and vehicles	354,949	26,559	-	381,508
Infrastructure	-	2,403	-	2,403
Library collection	74,506	7,769	-	82,275
Subtotal	<u>703,172</u>	<u>52,847</u>	<u>-</u>	<u>756,019</u>
Total capital assets being depreciated (net)	<u>704,084</u>	<u>24,216</u>	<u>-</u>	<u>728,300</u>
Governmental activities capital assets, net	<u>\$ 827,625</u>	<u>\$ 24,216</u>	<u>\$ -</u>	<u>\$ 851,841</u>

City of Galesburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets not being depreciated - land	\$ 37,216	\$ -	\$ -	\$ 37,216
Capital assets being depreciated:				
Buildings and equipment	251,181	-	-	251,181
Sewer system	849,237	-	-	849,237
Water system	742,365	-	-	742,365
Subtotal	<u>1,842,783</u>	<u>-</u>	<u>-</u>	<u>1,842,783</u>
Less accumulated depreciation for:				
Buildings and equipment	200,793	2,695	-	203,488
Sewer system	490,479	16,734	-	507,213
Water system	328,358	15,409	-	343,767
Subtotal	<u>1,019,630</u>	<u>34,838</u>	<u>-</u>	<u>1,054,468</u>
Total capital assets being depreciated (net)	<u>823,153</u>	<u>(34,838)</u>	<u>-</u>	<u>788,315</u>
Business-type activities capital assets, net	<u>\$ 860,369</u>	<u>\$ (34,838)</u>	<u>\$ -</u>	<u>\$ 825,531</u>

Depreciation expense was charged to functions of the City as follows:

Governmental activities:	
General government	\$ 9,738
Public safety	5,319
Public works	3,700
Recreation	16,058
Depreciation on capital assets of internal service funds	<u>18,032</u>
Total governmental activities	<u>\$ 52,847</u>
Business-type activities:	
Sewer	\$ 19,376
Water	<u>15,462</u>
Total business-type activities	<u>\$ 34,838</u>

City of Galesburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - NONCURRENT LIABILITIES:

Noncurrent liabilities at June 30, 2005, are comprised of the following individual issues:

Governmental activities:		
Accrued compensated absences		\$ 32,219
Note payable - bank, installment purchase contract; secured by the full faith and credit of the City, payable in annual installments ranging from \$6,213 to \$6,469, including interest at 2.43%; final payment due July 1, 2006		12,832
Note payable - bank, installment purchase contract; secured by the full faith and credit of the City, payable in annual installments ranging from \$7,455 to \$7,653, including interest at 5.78%; final payment due February 2007		7,653
Note payable - bank, installment purchase contract; secured by the full faith and credit of the City, payable in annual installments of \$20,461, including interest at 3.42%; final payment due October 1, 2009		92,565
\$125,000 1997 Michigan Transportation Fund limited obligation bonds; secured by the full faith and credit of the City, payable in annual installments ranging from \$5,000 to \$15,000, with interest payable semi-annually at rates from 4.0% to 5.3%; final payment due January 2012		<u>80,000</u>
Total governmental activities noncurrent liabilities		<u>\$ 225,269</u>
Business-type activities:		
\$150,000 1997 sewer and water revenue bonds; secured by sewer and water revenues, payable in annual installments of \$10,000 with a final installment of \$20,000, with interest payable semi-annually at rates from 4.0% to 5.25%; final payment due October 2011		<u>\$ 80,000</u>

Noncurrent liability activity for the year ended June 30, 2005, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
1996 Note payable	\$ 15,108	\$ -	\$ (7,455)	\$ 7,653	\$ 7,653
2003 Note payable	109,290	-	(16,725)	92,565	17,294
2004 Note payable	18,997	-	(6,165)	12,832	6,362
1997 Transportation bonds	<u>90,000</u>	<u>-</u>	<u>(10,000)</u>	<u>80,000</u>	<u>10,000</u>
Total installment debt	233,395	-	(40,345)	193,050	41,309
Compensated absences	<u>34,568</u>	<u>15,290</u>	<u>(17,639)</u>	<u>32,219</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 267,963</u>	<u>\$ 15,290</u>	<u>\$ (57,984)</u>	<u>\$ 225,269</u>	<u>\$ 41,309</u>
Business-type activities:					
1997 revenue bonds	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 80,000</u>	<u>\$ 10,000</u>

City of Galesburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - NONCURRENT LIABILITIES (Continued):

At June 30, 2005, debt service requirements, with the exception of the compensated absences, were as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ended June 30:				
2006	\$ 41,261	\$ 7,539	\$ 10,000	\$ 4,155
2007	34,404	6,064	10,000	3,655
2008	28,497	4,794	10,000	3,150
2009	29,130	3,660	10,000	2,640
2010	29,758	2,501	10,000	2,120
2011 - 2015	<u>30,000</u>	<u>1,835</u>	<u>30,000</u>	<u>2,385</u>
	<u>\$ 193,050</u>	<u>\$ 26,393</u>	<u>\$ 80,000</u>	<u>\$ 18,105</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

At June 30, 2005, the composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General fund	\$ 689	Internal service fund	\$ 689
Sewer fund	1,722	Debt service fund	<u>6,889</u>
Water fund	<u>5,167</u>		
	<u>6,889</u>		
Total	<u>\$ 7,578</u>	Total	<u>\$ 7,578</u>

Advances to/from other funds consist of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
Sewer fund	<u>\$ 44,000</u>	General fund	<u>\$ 44,000</u>

A summary of interfund transfers for the year ended June 30, 2005, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General fund	\$ 83	Nonmajor governmental funds	\$ 83
Nonmajor governmental funds	<u>23,896</u>	Major street fund	<u>23,896</u>
Total	<u>\$ 23,979</u>	Total	<u>\$ 23,979</u>

City of Galesburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued):

In 2005, a transfer was used to move available unrestricted funds from the Major Street Fund to a nonmajor governmental fund to finance a portion of local street costs.

NOTE 8 - RISK MANAGEMENT:

The City is exposed to various risks of loss arising from general liability, wrongful acts, professional liability, property damage and destruction, crimes, accidents, and injuries.

Risks of loss arising from possible claims are managed through the purchase of commercial insurance. General, professional, wrongful act, and automotive liabilities policy period maximums are set at \$2,000,000 to \$5,000,000. Buildings and property coverage's total approximately \$2,000,000.

For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 9 - JOINT VENTURE:

The Galesburg-Charleston Fire Department (the Department) is a joint venture of the City of Galesburg and the Township of Charleston. The administrative board of the Department consists of five members: one at-large member and two members from each of the participating units. The budget of the Department must be approved by each of the participating units. The costs of operations and capital expenditures of the Department are supported by contributions from the participating units in equal shares. During the year ended June 30, 2005, the City contributed \$28,339 to the Department for operations. Complete audited financial statements for the Department can be obtained from the Treasurer of the Department.

NOTE 10 - RETIREMENT PLAN:

The City provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The City contributes up to 5% of each qualified employee's base salary to the plan as a match. The City's contributions are fully vested after three years of employment. The City is not a trustee of the plan, nor is the City responsible for investment management of plan assets.

The City and employees made the required contributions of \$15,417.

NOTE 11 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended June 30, 2005, follows:

Revenues	\$ 1,265
Expenses	<u>(3,766)</u>
Deficiency of revenues over expenses	<u>\$ (2,501)</u>

City of Galešburg
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - RESTRICTED NET ASSETS:

Net assets as of June 30, 2005, are restricted for the following purposes:

General government - cemetery	\$ 21,981
Public safety	29,187
Public works	224,552
Recreation and culture	19,437
Debt service	<u>84,081</u>
	<u>\$ 379,238</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Galesburg**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 228,632	\$ 228,632	\$ 232,332	\$ 3,700
State grants	198,600	206,600	203,225	(3,375)
Intergovernmental	21,840	15,840	15,840	-
Fines and forfeitures	31,750	43,765	41,053	(2,712)
Charges for services	28,400	29,475	30,816	1,341
Interest	-	-	1,065	1,065
Other	<u>12,650</u>	<u>23,882</u>	<u>17,440</u>	<u>(6,442)</u>
Total revenues	<u>521,872</u>	<u>548,194</u>	<u>541,771</u>	<u>(6,423)</u>
EXPENDITURES				
Legislative - City Council	<u>11,142</u>	<u>11,142</u>	<u>9,383</u>	<u>1,759</u>
General government:				
Elections	3,128	7,010	6,104	906
Assessor	8,006	7,433	8,088	(655)
Administration	73,855	86,001	80,487	5,514
Cemetery	8,980	12,751	9,002	3,749
Cable Commission	13,000	12,876	13,107	(231)
Building and grounds	<u>14,454</u>	<u>25,587</u>	<u>22,935</u>	<u>2,652</u>
Total general government	<u>121,423</u>	<u>151,658</u>	<u>139,723</u>	<u>11,935</u>
Public safety:				
Police	168,606	181,948	185,699	(3,751)
Fire Board	53,429	43,303	43,184	119
Protective inspections	<u>4,200</u>	<u>5,766</u>	<u>3,766</u>	<u>2,000</u>
Total public safety	<u>226,235</u>	<u>231,017</u>	<u>232,649</u>	<u>(1,632)</u>
Public works - department of public works	<u>61,913</u>	<u>55,913</u>	<u>51,797</u>	<u>4,116</u>
Community and economic development - planning commission	<u>1,832</u>	<u>2,324</u>	<u>2,310</u>	<u>14</u>

City of Galesburg

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Culture and recreation:				
Library	\$ 74,838	\$ 74,838	\$ 71,204	\$ 3,634
Museum	1,300	2,628	3,666	(1,038)
Total culture and recreation	<u>76,138</u>	<u>77,466</u>	<u>74,870</u>	<u>2,596</u>
Debt service:				
Principal	<u>13,558</u>	<u>13,620</u>	<u>13,620</u>	<u>-</u>
Interest	<u>1,084</u>	<u>1,084</u>	<u>1,084</u>	<u>-</u>
Capital outlay	<u>1,929</u>	<u>1,929</u>	<u>1,929</u>	<u>-</u>
Total expenditures	<u>515,254</u>	<u>546,153</u>	<u>527,365</u>	<u>18,788</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>6,618</u>	<u>2,041</u>	<u>14,406</u>	<u>12,365</u>
OTHER FINANCING SOURCES				
Transfers from other funds	<u>100</u>	<u>100</u>	<u>83</u>	<u>(17)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURE	<u>6,718</u>	<u>2,141</u>	<u>14,489</u>	<u>12,348</u>
FUND BALANCE - BEGINNING	<u>98,204</u>	<u>98,204</u>	<u>98,204</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 104,922</u>	<u>\$ 100,345</u>	<u>\$ 112,693</u>	<u>\$ 12,348</u>

City of Galesburg
BUDGETARY COMPARISON SCHEDULE - Major Street Fund
Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
State grants	\$ 80,657	\$ 80,657	\$ 92,224	\$ 11,567
Interest	832	832	633	(199)
Other	<u>-</u>	<u>-</u>	<u>4,442</u>	<u>4,442</u>
Total revenues	<u>81,489</u>	<u>81,489</u>	<u>97,299</u>	<u>15,810</u>
EXPENDITURES				
Public works:				
Routine maintenance	53,176	53,176	43,505	9,671
Construction	50,000	50,000	54,068	(4,068)
Traffic services	3,075	3,075	2,488	587
Winter maintenance	5,000	5,000	6,412	(1,412)
Administration	<u>1,000</u>	<u>1,000</u>	<u>234</u>	<u>766</u>
Total expenditures	<u>112,251</u>	<u>112,251</u>	<u>106,707</u>	<u>5,544</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(30,762)</u>	<u>(30,762)</u>	<u>(9,408)</u>	<u>21,354</u>
OTHER FINANCING USES				
Transfer out - Local Street Fund	<u>-</u>	<u>(23,896)</u>	<u>(23,896)</u>	<u>-</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>(30,762)</u>	<u>(54,658)</u>	<u>(33,304)</u>	<u>21,354</u>
FUND BALANCE - BEGINNING	<u>229,198</u>	<u>229,198</u>	<u>229,198</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 198,436</u>	<u>\$ 174,540</u>	<u>\$ 195,894</u>	<u>\$ 21,354</u>

City of Galesburg**COMBINING BALANCE SHEET - nonmajor governmental funds**

June 30, 2005

	<i>Special revenue funds</i>			
	<i>Local Street</i>	<i>Public Safety</i>	<i>Museum</i>	<i>Library</i>
ASSETS				
Cash	\$ 24,264	\$ 27,534	\$ 2,921	\$ 16,516
Account receivables	-	1,653	-	-
Due from other governmental units	4,705	-	-	-
Total assets	<u>\$ 28,969</u>	<u>\$ 29,187</u>	<u>\$ 2,921</u>	<u>\$ 16,516</u>
LIABILITIES AND FUND BALANCES				
Liabilities - accounts payable	\$ 311	\$ -	\$ -	\$ -
Fund balances, unreserved	<u>28,658</u>	<u>29,187</u>	<u>2,921</u>	<u>16,516</u>
Total liabilities and fund balances	<u>\$ 28,969</u>	<u>\$ 29,187</u>	<u>\$ 2,921</u>	<u>\$ 16,516</u>

<u>Perpetual Care</u>	<u>Total nonmajor governmental funds</u>
\$ 21,981	\$ 93,216
-	1,653
<u>-</u>	<u>4,705</u>
<u>\$ 21,981</u>	<u>\$ 99,574</u>

\$ -	\$ 311
<u>21,981</u>	<u>99,263</u>

<u>\$ 21,981</u>	<u>\$ 99,574</u>
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City of Galesburg**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - nonmajor governmental funds**

Year ended June 30, 2005

	<u>Local Street</u>	<u>Public Safety</u>	<u>Museum</u>	<u>Galesburg Memorial Library</u>
REVENUES				
Property taxes	\$ -	\$ 23,918	\$ -	\$ -
State grants	29,087	-	-	-
Interest	-	268	13	225
Other	280	-	-	4,000
Total revenues	<u>29,367</u>	<u>24,186</u>	<u>13</u>	<u>4,225</u>
EXPENDITURES				
Public works	41,541	-	-	-
Recreation and culture	-	-	1,491	8,067
Debt service:				
Principal	-	16,725	-	-
Interest and fiscal charges	-	3,736	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>41,541</u>	<u>20,461</u>	<u>1,491</u>	<u>8,067</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,174)</u>	<u>3,725</u>	<u>(1,478)</u>	<u>(3,842)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	23,896	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>23,896</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>11,722</u>	<u>3,725</u>	<u>(1,478)</u>	<u>(3,842)</u>
FUND BALANCE - BEGINNING	<u>16,936</u>	<u>25,462</u>	<u>4,399</u>	<u>20,358</u>
FUND BALANCE - ENDING	<u>\$ 28,658</u>	<u>\$ 29,187</u>	<u>\$ 2,921</u>	<u>\$ 16,516</u>

<i>Perpetual Care</i>	<i>Total nonmajor governmental funds</i>
\$ -	\$ 23,918
-	29,087
83	589
<u>75</u>	<u>4,355</u>
<u>158</u>	<u>57,949</u>
-	41,541
-	9,558
-	16,725
-	3,736
<u>-</u>	<u>-</u>
<u>-</u>	<u>71,560</u>
<u>158</u>	<u>(13,611)</u>
-	23,896
<u>(83)</u>	<u>(83)</u>
<u>(83)</u>	<u>23,813</u>
75	10,202
<u>21,906</u>	<u>89,061</u>
<u>\$ 21,981</u>	<u>\$ 99,263</u>